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INTRODUCTION

The Office of Internal Audit performed an audit of the Wayne County FIA Fullerton/Jeffries District for the period January 1, 1999 through January 31, 2000. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of Michigan Family Independence Agency (FIA) are being followed. Fullerton/Jeffries District had 92 full time equated positions (FTE's) at the time of our review. Fullerton/Jeffries District provided assistance to an average 11,379 recipients per month during FY 1999, with total assistance payments of \$19,454,724 during that year.

SCOPE

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at the Fullerton/Jeffries District, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. We included the following systems:

Cash Receipts	Cash Disbursements
Client Processing	Safe & Controlled Documents
CIS Input	ENP/SER Program
IRS Information Security	Medical Transportation
Employment Support Services	Phone Usage
Procurement Card	Payroll Review

EXECUTIVE SUMMARY

Based on our audit, we conclude that the Fullerton/Jeffries District internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization. We did, however, fine a few instances of noncompliance with FIA policies and procedures, which are detailed below.

DISTRICT OFFICE RESPONSE

The Fullerton/Jeffries District did not respond to our draft report.

FINDINGS AND RECOMMENDATIONS

Cash Receipts

Daily Mail Record of Cash Receipts

1. Fullerton/Jeffries District did not use the Daily Mail Record of Cash Receipts (FIA-4729) for all negotiables received for deposit. Instead Fullerton/Jeffries used the Record and disposition of Checks/Warrants (FIA-61) to record all negotiables received in the mail. Accounting Manual Item 431 states that an FIA-4729 is to be used to record negotiables received for deposit.

WE RECOMMEND that Fullerton/Jeffries District record all negotiables for deposit on the FIA-4729

Stamping Documents "PAID"

2. Fullerton/Jeffries district did not stamp all supporting documents "PAID" when payment was made. A test of October 1999 payments found that supporting documentation for two payments that totaled \$1,600.00 were not stamped paid. The Accounting Manual Item related to each payment type require that supporting documents be stamped "PAID". Stamping supporting documents "PAID" helps prevent duplicate payments.

WE RECOMMEND that Fullerton/Jeffries District stamp supporting documents "PAID" when payment is made.

Cash Disbursements

No findings in this area.

Client Processing

No findings in this area.

Controlled Documents

Control of Bus Tickets and Transfers

3. Fullerton/Jeffries District did not properly control the inventory of bus tickets and transfers. We noted that the district office was not using the Monthly Controlled Document Inventory and Reconciliation (FIA-4351). Preparation of the Monthly Controlled Document Inventory and Reconciliation helps to ensure that loss, theft, or misuse of controlled documents would be detected on a timely basis.

WE RECOMMEND that Fullerton/Jeffries prepare the FIA-4351 for bus tickets and transfers.

CIS Input/Output Controls

MA-010 Reconciliation

4. Fullerton/Jeffries District did not reconcile all flagged transactions on the Transaction Control Listing (MA-010) to the input documents, as required by the Local Office Reports Description Manual. Reconciliation of the flagged accounts helps to ensure that transactions were properly authorized and correctly entered on the Client Information System (CIS).

WE RECOMMEND that Fullerton/Jeffries District reconcile the flagged transactions on the MA-010 to the input documents.

MA-010 Reconciliation- Openings and Reopening

5. Fullerton/Jeffries District did not reconcile all new case openings and reopening listed on the MA-010 report to the case file documentation, as recommended by the Primary Internal Control Criteria for Local/District Office Operations. A 100% reconciliation of openings and reopening provides assurance that cases were opened only by their assigned workers.

WE RECOMMEND that Fullerton/Jeffries District reconcile the case openings and reopening on the MA-010 to the input documents.

CIS Security Agreements

6. Fullerton/Jeffries District did not have accurate, up-to-date Security Agreements (FIA-3974A) on file for 25 employees who access the Client Information System (CIS), as required by L-Letter 97-063. .

WE RECOMMEND that Fullerton/Jeffries District have all employees who have access to the CIS system complete a CIS Security Agreement.

ENP/SER Program

No findings in this area.

IRS Information Security

Backup Designated Staff Person

7. Fullerton/Jeffries District did not have a backup Designated Staff Person (DSP) for IRS Security. The local office should have a backup DSP in case information is received on a day when the DSP is out of the office.

WE RECOMMEND that Fullerton/Jeffries District appoint a backup DSP for IRS information security.

Medical Transportation

No findings in this area.

Employment Support Services

No findings in this area.

Telephone Usage

No findings in this area.

Procurement Card

No findings in this area.

Payroll Review

No findings in this area.